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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICANTS: Thomas J. Campana, et al.

SERIAL NO.: 07/702,939

A.U. 26pp

FILED: May 20, 1991

EXR.: G. Oehling

FOR: Electronic Mail System With
R.F. Communications To Mobile Processors

REQUEST TO REOPEN PROSECUTION

Commissioner of Patents and Trademarks
Washington, D.C. 20231

Dear Sir:

In response to the communication dated June 28, 1993, indicating that the Examiner has suspended prosecution on the above-identified application for a period of six months, please find enclosed herewith a true copy of an Opinion and Order from U.S. District Judge George La Plata awarding the ownership of the above-identified application to NTP, Inc. the assignees of the subject application.

Based on the foregoing situation, the Applicants respectfully request that the prosecution of this application be reopened, and

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that favorable consideration be granted to the most recent Amendment which was received in the U.S. Patent Office on March 1, 1993.

Respectfully submitted,

By


William H. Wright

Reg. No. 26,424

Date: June 30, 1993

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

JDR

COMPUTER LEASCO, INC.,

Plaintiff,

vs.

TELEFIND CORPORATION

Defendants.

C.A. No. 90-CV-60007-AA

HON. GEORGE La PLATA

CLERK U.S. DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

BY

DEPUTY CLERK

OPINION AND ORDER

In January of 1990, Plaintiff, Computer Leasco instituted an action against Defendant, Telefind Corporation alleging a breach of a Master Lease Agreement. After obtaining a final judgment in the amount of \$3,830,212.03 plus interest, Computer Leasco, as judgment creditor, moved for aid in execution of its judgment. Specifically, it requested an order transferring title of the property owned by the now defunct judgment debtor Telefind Corp to Computer Leasco. On February 5, 1993, this Court entered an order giving Computer Leasco title to Telefind property subject to any existing liens. Soon after entry of the order, NTP, Inc. requested, and was granted, leave to intervene for the purpose of challenging the ownership of six pending patent applications which are commonly known as the B Technology. NTP maintains that it, not Telefind, owns the B Technology. NTP claims ownership by way of an assignment from the inventor of the B Technology and prior Telefind employee, Thomas Campana, Jr., who is presently a shareholder of NTP. It is crucial to note that in this opinion the Court decides

ownership rights of the Technology between Tele and NTP, and is not addressing any lien rights.

It is imperative to briefly explain the nature of and differences between the technology involved in this creditor's action. The B Technology is described in six pending patent applications. It consists of three patents relating to an electronic mail interface system with radio frequency communication ("E-mail"),¹ and three patents relating to a high-speed parallel protocol for use in information transmission and receiving ("high speed protocol").² Both the A and B Technology are used to transmit and receive data through radio transmission. The difference as explained by Mr. Campana is that the A Technology provides sequential transmission of information while the B Technology provides parallel transmission. Sequential transmission uses one wire and is conceptually akin to one train down one track followed by another. B Technology is a parallel data protocol, sending two trains down one track simultaneously. The B Technology permits transmission of information nine times faster than the A Technology.

Having set forth a highly simplistic explanation of the technologies involved, the Court's inquiry must begin with an examination of some critical contract language relied upon by both parties to support their respective claims. On August 4, 1987,

¹ Designated in the United States Patent and Trademark Office as Serial Nos. 07/702,319, 07/707,938, 07/702,939.

² Designated in the United States Patent and Trademark Office as Serial Nos. 07/850,275, 07/850,276, and 07/850,487.

Campana and Telefind executed a document entitled Key Employee Agreement.^{3,4} Paragraph 4 of that agreement provides that Campana:

agrees that all ideas, patents, copyrights, processes, computer programs, customer lists or other intangible or intellectual property developed in whole or in part by [Campana] on or before this date or hereafter during the term of [Campana's] employment pertaining to Telefind Network as described in the Business Plan are the property of Telefind and not of [Campana]. (emphasis added)

One year later, a Confidentiality Agreement was executed which provides:

All such Inventions which are at any time made by [Campana], acting alone or in conjunction with others, shall be TELEFIND'S property, free of any reserved or other rights of any kind.

The contract defines the term "inventions" as:

those discoveries, developments, concepts and ideas...relating to Products and Software and to all other present and prospective activities of Telefind...

The contract further defines the terms "Products and Software"

which shall include:

improvements, enhancements and modifications to the present configuration and design made from time to time.

³ See, Exhibit 2.

⁴ At the beginning of this creditor's proceeding, NTP argued that because Telefind failed to pay Mr. Campana his salary, it breached the Key Employee Agreement rendering the terms of the agreement null and void. Although Mr. Campana makes it clear that he is not relying on any alleged breach of contract to support NTP's claim, the Court would be remiss if it did not state that this argument, if pursued, would likely form the basis for a rescission of the employment contract.

Thus, to decide the ultimate issue of ownership, the Court must determine whether the B Technology (1) pertains to the Telefind Network as described in the Business Plan and (2) is an improvement, enhancement or modification of the A Technology. Because these issues are so closely related, they will be discussed together.

For purposes of this opinion, the Court will assume that Mr. Campana developed, either in part or in whole, the B Technology during the time he was employed by Telefind. It is undisputed that the B Technology was developed and fully funded solely by Mr. Campana. Mr. Campana testified that the business plan does not contain any references to B technology, and in fact, is not even compatible with the Telefind equipment. It is undisputed that the E-mail is compatible. However, simply because the E-mail is compatible with Telefind equipment, it does not follow that the E-mail is an advancement or improvement over the A Technology or that it pertains to Telefind business. Mr. Campana estimated that it would cost 3-3 1/2 million dollars to replace the Telefind network equipment to make the B Technology compatible with the Telefind equipment, clearly money Telefind did not have. Additionally, 1-2 million dollars would be necessary to provide compatible pagers.

The Court found the testimony of Rodger Lee Anderson, a witness who has no apparent interest in the outcome of this dispute, to be pivotal. Mr. Anderson, as Vice President of Finance for Telefind from 1986 through 1991, was responsible for authorizing all funded Telefind projects. He testified that the B

Technology was not a funded project of Telefind and that Telefind acquiesced in Mr. Campana's ownership of the B Technology. Because Telefind was near the brink of bankruptcy, Mr. Anderson frankly stated that if he felt that Telefind had a plausible claim to the B Technology, it would have pounced on the opportunity to secure these valuable patents. Telefind ownership of the B Technology could have saved the company from financial ruin.

Next, the Court heard the testimony of William Wright, a patent examiner for six year, patent attorney of some twenty years, and presently counsel for NTP. Although the A and B Technology both offer a means of transmitting information, Mr. Wright concluded that the B Technology is a "quantum leap" over the A Technology. He was careful to explain the basis of this opinion. He relied heavily upon the technical aspects of the technology, specifically the sequential vs. parallel protocols. This witness also informed the Court that all the goals of Telefind as defined in the Business Plan were achieved in the approximately twenty-three A Technology patents.

Computer Leasco took great effort to present evidence which would prove that referencing the A Technology patents in the B Technology patents rendered the technology interrelated.⁵ However, Mr. Wright explained the duty of candor contained in 37 C.F.R. 1.56. He testified that it was this duty which required

⁵ See, Exhibits 53 and 55 and the testimony of Harry Manbeck, Jr.

referencing of the A Technology in the B Technology patent applications.

Computer Leasco presented the testimony of Ferrel Stremmer, Professor of Electrical and Computer Engineering at the University of Wisconsin, Madison. Professor Stremmer called the E-mail a burst type technology permitting longer messages to be transmitted. He testified that this technology improved the error rate of the A Technology at the price of the lower transmission. He concluded that the B Technology was a progressive technology, an improved version of the A Technology. He ultimately concluded that the A Technology is compatible with the B Technology. He bases this opinion on the belief that the transmitter used in the A Technology would not need re-tooling to implement the B Technology.

However, during cross examination, it became apparent that Professor Stremmer's conclusion was based on an erroneous assumption. Specifically, he believed that the Telefind system did not use a local collector. He assumed that the system permitted the information to proceed straight to the transmitter, rather than require the information to first pass through a local collector which then forwards the message to the transmitter. He was unaware that the local collector would require re-tooling to make it compatible with B Technology. Because much of the Professor's testimony was based on the erroneous assumption that the Telefind system did not use a local collector, the Court cannot attach great weight to his testimony.

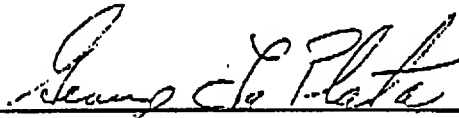
Harry Manbeck, Jr., the former U.S. Commissioner of Patents and Trademarks and Assistant Secretary of Commerce, testified, generally, that the B Technology was an enhancement of the A Technology. Because he relied solely upon the testimony of Professor Stremmer to reach this conclusion, his testimony adds little to this Court's determination.

Both parties were represented by skillful and experienced trial attorneys who presented their respective positions in a superb fashion. After considering the testimony and the extensive briefs submitted, the Court finds the following analogy helpful. Both the horse and buggy and the car were designed to transport people. To categorize the car as a mere improvement, enhancement or modification of the horse and buggy would be to ignore and de-emphasize the major technological advancement of the car. Thus is the case between the A Technology and the B Technology. The testimony of witnesses Campana, Wright and Anderson convinces this Court that the B Technology is not an improvement, enhancement or modification of the A Technology and does not pertain to the business of Telefind. Accordingly, the Court DENIES Computer Leasco's Motion to Aid in Execution as it relates to the B Technology. Further, Computer Leasco, its agents, employees, or any other persons at Computer Leasco's direction or under Computer Leasco's control, is PERMANENTLY ENJOINED from reviewing, copying, distributing, or making any use of the six B Technology patent applications. Computer Leasco shall immediately tender to NTP any

information it has, either in its possession or under its control,
relating to the six pending B Technology patent applications.

Consequently, Plaintiff's Motion for Supplemental Relief is
DENIED in part; NTP's Motion to Stay is GRANTED; and NTP's Motion
for Restraining Order is GRANTED.

May 6, 1993
Ann Arbor, MI


George La Plata
U. S. District Judge